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UNCLAS TAIPEI 002554

SIPDIS

SENSITIVE

DEPT FOR EAP/TC, H-LMO Peter Su
DEPT PLEASE PASS TO AIT/W

E.O. 12958: N/A

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SUBJECT: Congressman Kennedy Urges LY Chairman Wang Jin-pyng to Pass Special Military Budget

1. (SBU) Summary: Congressman Mark Kennedy (R-MN) met with Taiwanese Legislative Yuan Chairman Wang Jin-pyng on June 4, 2005. Wang expressed his hopes for a U.S.-Taiwan free trade agreement (FTA) and asked the Congressman for his support. Congressman Kennedy, in turn, raised concerns over the Special Defense Procurement Budget, stating that Taiwan needs to move forward on this before the Congress would consider support for an FTA. Wang cited legislative elections last year as a reason for the delay and promised to do all he could to resolve the issue as soon as possible. End Summary.

2. (SBU) After an initial exchange of pleasantries, Wang emphasized the importance of trade relations between the U.S. and Taiwan and his hopes for a bilateral FTA in the near future. He underlined Taiwan's commitment to this goal, noting recent improvements in Taiwan's regulatory environment for telecommunications, pharmaceuticals, rice and intellectual property rights (IPR). As an example, he mentioned how Taiwan's legislature had passed revisions to the Copyright Law last year to meet USG demands. He asked the Congressman for his personal support in establishing an FTA.

3. (SBU) Congressman Kennedy began by praising Taiwan for its commitment to democracy and open markets. He applauded Taiwan's regulatory reforms and affirmed his own support for greater bilateral trade. He also expressed his gratitude to Taiwan for opening its markets to U.S. beef again, stating that this issue was of particular concern to his constituents in Minnesota.

4. (SBU) Congressman Kennedy said that the U.S. Congress sees the Special Defense Procurement Budget as a litmus test for Taiwan's commitment to defend itself. Rep. Kennedy noted that Congress is unlikely to consider support for an FTA seriously unless Taiwan were to take responsibility for its own defense. He noted that the funding for military purchases had been proposed by the KMT years ago and that it was important for Taiwan to take these measures to help defend itself. He expressed hopes that military and trade issues like this would not become politicized in Taiwan.

5. (SBU) Wang responded that he understood these concerns, and he recognized the need for Taiwan to maintain military balance across the Taiwan Strait. He explained that the delay was partly caused by the legislative elections last year, and he stated that this issue would come up again later this year in county, city, and magistrate elections. Wang noted that a number of opposition legislators openly campaigned against the special budget and are now reluctant to reverse their positions. He indicated that he hoped a special session of the legislature would be held within the next few months, but could not be certain it would take place given opposition from within the Pan-Blue camp. He expressed his hope for eventual resolution and promised to do all he could to push this issue forward.

6. (SBU) Congressman Kennedy reiterated how this issue should not become politicized. He said that he understood the Taiwan legislators' predicament but hoped that they would come through with "tough votes" in the end.

7. (U) Congressman Kennedy's office has cleared this message.

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